



NATIONAL BANK OF THE REPUBLIC OF MACEDONIA

Pursuant to Article 64, item 22 of the Law on the National Bank of the Republic of Macedonia ("Official Gazette of RM" no. 3/2002, 51/2003, 85/2003, 40/2004, 61/2005 and 129/2006) and Article 57, paragraph 2 and paragraph 3 and Article 59, paragraph 5 of the Banking Law ("Official Gazette of the Republic of Macedonia" no. 67/2007), the Council of the National Bank of the Republic of Macedonia passed the following

DECISION on Issuing Approvals ("Official Gazette of the RM" no. 91/2007)

I. GENERAL PROVISIONS

1. This Decision shall prescribe:

- The type of documentation, the method of its submission, and the conditions and the procedure for issuance of prior approval for amendments of the statute of a bank;
- The type of documentation, the method of its submission, and the conditions and the procedures for issuance of prior approval for commencement of the activities stipulated in Article 7, paragraph 1, items 5, 8, 9, 13, 14, 15, 16, 17, 18 and 23 of the Banking Law;
- The documents, data, and information for issuance of prior approval for the appointment of members of the Supervisory board, the manner for their submission, as well as the manner and procedure for their assessment;
- The documents, data, and information for issuance of prior approval for appointment of members of a Board of Directors, the manner for their submission, as well as the manner and procedure for their assessment;
- The type of documentation, the manner of its submission, and the conditions and the procedures for issuance of a prior approval for founding a subsidiary, branch, bank's representative office abroad or acquiring equity holdings in a bank;
- The type of documentation, the manner of its submission, and the conditions and the procedures for issuance of prior approval for establishing or acquiring equity holdings in a non-bank financial institution or in a non-financial institution, directly or indirectly, which amount to more than 10% of the bank's own funds;
- The type of documentation, the manner of its submission, and the conditions and the procedures for issuance of prior approval for opening of a representative office of a foreign bank;
- The type of documentation, the manner of its submission, and the conditions and the procedures for issuance of prior approval for changing the name and the head office of a bank;
- The documents, data, and information for issuance of prior approval for acquisition of shares in a bank, in cumulative nominal amount of and over 5%, 10%, 20%, 33%, 50% and 75% of the total number of shares, i.e. of the total number of issued voting shares, the manner of their submission, as well as the manner and procedure for their assessment.

II. ISSUING AN APPROVAL FOR AMENDMENTS OF A STATUTE OF A BANK

2. The application for issuing of an approval for amendments of a statute of a bank shall be accompanied by:

- A decision of a competent body for amendments of the statute, which shall enter into force after the Governor has issued an approval;
- A draft text of the amendments of the bank statute;
- Explanation of the need for the amendments of the bank statute;
- Revised text of the statute which is being amended.

3. When deciding on the application stipulated in item 2 of this Decision, an assessment shall be made whether the proposed amendments are in accordance with the legislation and whether the proposed amendments can lead to non-compliance with the regulations and the prescribed supervisory standards.

4. Based on the assessment stipulated in item 3 of this Decision, the Governor of the National Bank of the Republic of Macedonia (hereinafter: the Governor) shall pass a decision for issuing an approval for the amendments of a bank statute or for rejecting the application, within the deadlines stipulated in the Banking Law.

III. ISSUING AN APPROVAL FOR COMMENCEMENT OF THE PERFORMANCE OF THE ACTIVITIES STIPULATED IN ARTICLE 7, PARAGRAPH 1, ITEMS 5, 8, 9, 13, 14, 15, 16, 17, 18 AND 23 OF THE BANKING LAW

5. Together with the application for issuing an approval for performing any of the activities stipulated in Article 7, paragraph 1, items 5, 8, 9, 13, 14, 15, 16, 17, 18 and 23 (hereinafter: new financial activity) the bank shall submit the following documentation:

5.1 Study justifying the commencement of the performing of a new financial activity, which should elaborate the reasons, the objectives and the expected financial results.

5.2 Name of the organizational part which shall primarily perform the new financial activity and its position within the organizational structure of the bank.

5.3 Data on the number and the education of the persons that will be involved in the performing of the new financial activity, as well as the identity, education and experience of the persons with special rights and responsibilities, who shall be responsible for the execution of the new financial activity.

5.4 Data on the information system and the technical capacities of the bank which shall be used when performing the new financial activity.

The documentation for the information system should be based on the minimum information system security and business continuity standards, prescribed by the Council of the National Bank. If the performance of the new financial activity should depend on external providers (ancillary services undertaking), such providers shall submit appropriate data with regard to the application of the information system security and business continuity standards.

The documentation for the technical capacity should contain data on the business premises where the bank will operate (bank's own premises, rented space, location, surface area and time schedule for the installation of the equipment required for the start of operation, on the premises) as well as data on the technical equipment which shall be used to execute the new financial activity. The bank should submit documentation regarding the basic characteristics of the servers, the communication networking and the databases which shall be

used to perform the new financial activity, as well as data on the manner of functioning of the main components of the information system and the application solutions.

5.5 Draft policies and procedures for the execution of the new financial activity, as well as procedures for the internal control system, the activities of the internal audit within the organizational part which is responsible for performing the new financial activity and procedures for adequate inclusion of the new financial activity in the process of prevention of money laundering.

5.6 Projection of the revenues and expenditures related to the performing of the new financial activity, for the next three years. The projections should contain a comment for each category of revenues and expenditures, as well as the basic assumptions used as the basis for the projections.

5.7 Proof that a license or an approval has been obtained from a competent institution or that an opinion has been obtained from a competent authority, if such a license, approval or opinion have been envisaged with another law.

6. With the application for issuing an approval for issuance of electronic money, in addition to the documentation stipulated in item 5 of this Decision, the bank shall also be obligated to submit the following:

- Data on the qualifications and the experience of the persons which will be responsible for performing internal audit of the new financial activity;
- Other data and information prescribed by the National Bank.

7. With the application for issuing an approval for conducting domestic payment operations, in addition to the documentation stipulated in item 5 of this Decision, the bank shall also be obligated:

- To appoint a person with special rights and responsibilities which will be responsible for conducting the payment operations in the country, with at least five years of experience in the banking operation, of which at least three years in the domestic payment operations;
- To determine tariffs for the payment operations services;
- To submit a methodology for internal audit of the new financial activity, as well as a plan for internal audit of that activity, at least for the first two years after the introduction of the activity.

The policies and procedures stipulated in item 5.5 of this Decision should contain at least:

- Procedure on the manner of execution of the internal payment operations and interbank payment operations;
- Procedure for opening of accounts of the depositors for the purpose of conducting domestic payment operations;
- Time plan for operation with the participants in the payment operations;
- Method of communication with the participants.

With the application for issuance of an approval for conducting international payment operations, including the purchase and sales of foreign currency, in addition to the documentation stipulated in item 5 of this Decision, the bank shall also submit a proof that it had commenced the procedure for connecting to the S.W.I.F.T. network.

8. Notwithstanding item 5 of this Decision, with the application for engaging in fast money transfer, the bank shall be obligated to submit the documentation prescribed by the National Bank for issuance of an approval for engaging in fast money transfer.

9. With the application for issuance of an approval for trading with foreign assets, securities, and financial derivatives in addition to the documentation stipulated in item 5 of this Decision, the bank shall also submit the following:

- Investment strategy prepared on the basis of the draft policies and procedures stipulated in item 5.5. of this Decision, which shall contain at least a description of the types of instruments which shall be traded, the level of acceptable risk, the scope of the planned trading with each instrument, the method of performing stress testing, as well as defining the system of exposure limits and/or permissible loss-limits for:
 - o Each risk to which the bank will be exposed by performing the new financial activity,
 - o Each organizational part which shall be involved in performing the new financial activity,
 - o Each instrument (security, financial derivative) which shall be traded by the bank,
 - o Each person trading on behalf and for the account of the bank;
- Procedures for the decision making process and the responsibilities of the individual persons involved in that process, including procedures for decision-making in the event of exceeding the determined limits;
- Data on the manner of functional distinction between the organizational part which will perform the new financial activity and the other parts of the bank, from the aspect of protecting the confidentiality of the data and avoiding conflict of interests;
- Data on the separation of trading, i.e. distinction between the receipt and implementation of the trading orders (front office) and the conclusion of the trade orders (back office), as well as the distinction of the reporting lines to the management bodies, with regard to these two functions (front office and back office);
- Methodology for internal audit of the new financial activity, as well as a plan for internal audit of that activity, at least for the first two years after the introduction of the activity.

With the application for issuance of an approval for trading in securities, financial derivatives and foreign assets, the bank shall also submit the following:

- Certificate for operating on the financial markets for the employees that will perform the new financial activity, i.e. at least the following certificates ACI Dealing Certificate – for the employees in the front office and ACI Settlement Certificate – for the employees in the back office;
- Proof for possessing a unified electronic system for access to the information on the money and securities market and on the foreign exchange market in the Republic of Macedonia;
- Proof for initiated procedure for connecting to the S.W.I.F.T. network, if the bank trades in securities, financial derivatives and foreign assets abroad.

10. For the issuance of an approval for asset and securities portfolio management, upon an order and for the account of the client, in addition to the documentation stipulated in item 5 of this Decision, the application shall also be accompanied with the following:

- Data on the manner of functional distinction between the organizational part that will perform the new financial activity and the other parts of the bank, from the aspect of protecting the confidentiality of the data and avoiding conflicts of interests;
- A sample standardized contract for asset and securities portfolio management which shall contain the rights and responsibilities of the contracting parties, including the manner of indemnification for damages occurred due to the fault of the bank;
- Certificate for an investment advisor for the employees that will perform the new financial activity;
- Proof for possession of an electronic system for accessing information on the financial markets, in particular Reuters, Bloomberg or Tenfore;
- Proof for initiated procedure for connecting to the S.W.I.F.T. network, if the bank is engaged in trading securities and financial derivatives abroad.

11. For issuance of an approval for provision of services of a custodian bank, in addition to the documentation stipulated in item 5 of this Decision, the bank shall be obligated to submit the following:

- Proof for initiated procedure for connecting to the S.W.I.F.T. network;
- Data on the manner of functional distinction between the organizational part which will perform the new financial activity and the other parts of the bank, from the aspect of protecting the confidentiality of the data and avoiding conflicts of interests, especially with respect to the distinction from the organizational parts which engage in trading with securities and asset and securities portfolio management, on order and for the account of the client;
- A sample standardized contract for provision of custodian services, which shall contain the rights and responsibilities of the contracting parties, including the manner of indemnification of damages which have occurred due to the fault of the bank;
- Data on the distinction of the reporting lines to the bodies competent for management of the other organizational parts, especially with respect to the distinction of the reporting lines with the organizational parts that engage in trading in securities and assets and securities portfolio management, on order and for the account of the client.

12. For issuance of an approval for purchasing and selling, underwriting and placement of securities issue, in addition to the documentation stipulated in item 5 of this Decision, the bank shall also submit the following:

- Strategy for purchasing and selling, underwriting and placement of a securities issue, prepared on the basis of the draft policies and the procedures stipulated in item 5.5. of this Decision, which, at the least, shall contain a description of the services provided by the bank, the level of acceptable risk, the scope of the planned purchase and sales, underwriting and placement of a securities issue, the method for performing stress testing, as well as a definition of the system of exposure limits and/or permissible loss-limits for:
 - o Each risk to which the bank will be exposed by performing the new financial activity,
 - o Each organizational part which shall be involved in the execution of the new financial activity;
- Procedures for the decision making process and the responsibilities of the individual persons involved in that process, including procedures for decision-making in the event of exceeding the determined limits;

- Data on the manner of functional distinction between the organizational part which will perform the new financial activity and the other parts of the bank, from the aspect of protecting the confidentiality of the data and avoiding conflict of interests;
- Methodology for internal audit of the new financial activity, as well as a plan for internal audit of that activity, at least for the first two years after the introduction of the activity.

13. When deciding, an assessment shall be made whether the bank will be organized and capable of operating in accordance with the regulations and the prescribed supervisory standards, when at least the following criteria shall be taken into consideration:

- The bank should possess the prescribed level of own funds necessary to perform the new financial activity;
- There should be economic justification for the engagement in the new financial activity;
- The bank should have an appropriate staff structure in order to efficiently and effectively perform the new financial activity. The appropriateness of the staff structure shall be assessed by the required number of staff to perform the new financial activity, their qualifications, as well as by the appropriateness of the qualifications of the persons with special rights and responsibilities who shall be responsible for performing the new financial activity. The required number of employees is the number that ensures that the bank will regularly and normally perform the planned scope of the new financial activity. The appropriateness of the qualifications of the employees and the persons with special rights and responsibilities shall mean possession of the required knowledge, expertise and experience to perform specific tasks related to the new financial activity;
- The bank should provide an appropriate functional distinction between the performance of the new financial activity and the other activities of the bank, as well as a distinction between the reporting lines to the management bodies;
- Double control should be provided for the performance of the new financial activity, i.e. there should not be one person performing all the stages of a transaction, including the accounting records of that transaction (this is especially important in the event of trading with foreign assets, securities and financial derivatives, assets and securities portfolio management on order and for the account of the client, provision of custodian services, purchasing and selling, underwriting and placement of a securities issue);
- The bank should have appropriate information system and technical capacity for successful and reliable performance of the new financial activity. The information system shall be considered appropriate if it fulfills the standards prescribed by the Council of the National Bank for information system security and business continuity, and the criteria determined with this Decision, necessary for the performance of the new financial activity, which in turn provides for a permanent and reliable support of the new financial activity of the bank and provides grounds for timely and accurate reporting to the persons with special rights and responsibilities and the National Bank. The bank should possess appropriate business premises and technical equipment which shall enable safe and uninterrupted performance of the new financial activity;
- The new financial activity should be appropriately included in the system of internal control and the system for prevention of money laundering;
- The bank should ensure appropriateness of the established policies and procedures for the performance of the new financial activity, especially from the point of view of the possibility to appropriately manage the risks to which the bank shall be exposed as a result of the new financial activity;

- The role of the persons with special rights and responsibilities which will be responsible for decision making and monitoring of the performance of the new financial activity, should be clearly defined;
- The bank should have the capacity to identify, measure, monitor and control the risks to which it shall be exposed while performing the new financial activity;
- The application should not have any inconsistencies that cannot be explained.

The degree to which the bank complies with the regulations governing the operation of the banks in the Republic of Macedonia as well as the degree of compliance with the measures imposed by the National Bank shall also be taken into account when making the assessment stipulated in paragraph 1 of this item.

14. If, based on the assessment stipulated in item 13 of this Decision, it is determined that the bank fulfills the prescribed criteria, the Governor shall pass a decision for issuance of an approval for the performance of the new financial activity. Otherwise, the Governor shall pass a decision for rejecting the application.

The decision stipulated in paragraph 1 of this item shall be passed within the deadlines stipulated in the Banking Law.

15. If, while deciding, it is determined that a higher degree of capital adequacy is required due to the nature, type and scope of the activities performed by the bank and the risks to which it is exposed as a result of those activities, including the new financial activity, the Governor may pass a decision for issuing an approval for the performance of the new financial activity and at the same time require the bank to achieve the required level of capital adequacy within a precisely determined deadline.

The bank will be able to begin to perform the new financial activity only if it achieves the necessary level of capital adequacy within the deadline stipulated in paragraph 1 of this item.

In all cases when the Governor assesses that the conditions for issuance of an approval to perform the new financial activity have not been fulfilled or if the approval to perform the new financial activity has been revoked, the bank may file a new application for an approval only after the expiration of a period of one year from the day of rejection of the first application, or from the day the approval was revoked.

IV. ISSUING AN APPROVAL FOR APPOINTMENT OF MEMBERS OF THE SUPERVISORY BOARD

16. With the application for issuing an approval for appointment of members of the Supervisory board of a bank, the bank shall be obligated to submit the following documentation:

16.1 Decision of the General Meeting of Shareholders of the bank to appoint the proposed member of the Supervisory board, which shall become legally effective after the Governor has issued the approval.

16.2 Copy of the identification card or a copy of the passport of the proposed Supervisory board member (in the event of a foreign natural person).

16.3 Certificate of the degree of professional education of the proposed Supervisory board member.

16.4 Filled in Questionnaire for a bank Supervisory board member (Form 1).

16.5 Document issued by a competent court certifying that there is no ban on performing a profession, activity or duty, imposed on the proposed person.

16.6 Other documentation that the National Bank may require during the process of deciding whether the proposed person fulfills the criteria for being a bank Supervisory board member, prescribed with the Banking Law.

The National Bank, shall ex officio, from the Ministry of the Interior of the Republic of Macedonia provide for notifications of any prior convictions, or lack thereof of the person being proposed for a member of the Supervisory board. If the person being proposed to be a member of the Supervisory board is a foreign national, he/she shall be obligated to provide such statements from the competent institutions in the foreign country.

17. The Governor may conduct an interview with the proposed bank Supervisory board member, where the candidate's knowledge of the regulations in the area of banking and/or finance, the management and organizational skills and the acquired experience will be assessed.

18. During the decision making, based on the submitted documentation stipulated in item 16 of this Decision and the conducted interview, an assessment shall be made whether the proposed Supervisory board member fulfils the criteria prescribed with the Banking Law, i.e. whether the candidate possesses a university degree, knowledge of the regulations from the area of banking and/or finance and whether he/she has the appropriate experience and reputation to ensure safe and sound management of the bank.

The knowledge of the regulations in the area of banking and/or financing shall mean knowledge of the Banking Law, the by-laws resulting thereof, as well as the other banking and financial regulations and practice which is of significance for the operation of the bank, from the point of view of the financial activities performed by the bank in which the person is proposed to be a member of the Supervisory board.

The proposed member of the Supervisory board shall be considered to have an appropriate reputation if he/she is honest, competent, diligent and assures that his/her work will not endanger the bank's safety and soundness and that he/she will not disrupt the bank's reputation and trust. This means that for this person there is no proof of his/her prior involvement in business operation or activities which meant noncompliance with the regulations and the business practices and procedures, disruption or jeopardizing the interests of the legal entity where this person worked or works, as well as endangering the interests of the bank or its depositors.

If the proposed member is a foreign person with experience as a member of bodies of financial institutions, appropriate data to determine his/her experience and reputation may be required from the supervisory authority of the country of origin.

19. Based on the assessment performed in accordance with item 18 of this Decision, the Governor shall pass a decision on issuing an approval for a member of the Supervisory board or for rejecting the application, within the deadlines prescribed with the Banking Law.

V. ISSUING AN APPROVAL FOR APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS

20. With the application for issuing an approval for appointment of members of the Board of directors of a bank, the bank shall be obligated to submit the following documentation:

20.1 Decision of the Supervisory board of the bank on appointment of the proposed Board of directors' member, which will become legally effective after the Governor, has issued his/her approval.

20.2 Copy of the personal identification card, i.e. copy of the passport of the proposed member of the Board of directors (for a foreign national).

20.3 Certificate of the degree of the professional education of the proposed member of the Board of directors.

20.4 Filled in Questionnaire for a member of the Board of directors of a bank (Form 2).

20.5 Proof for at least six years of work experience in the area of finance or banking or a three year work experience as a person with special rights and responsibilities in a bank with activities corresponding to those in the bank in which the proposed member is to be appointed.

20.6 Program for implementation of the business policy and the development plan of the bank, prepared by the proposed member and harmonized with all existing or proposed members of the Board of directors, for the period for which the member of the Board of directors is to be appointed.

20.7 Confirmation of stay and permission to work in the Republic of Macedonia (for a foreign national).

20.8 Document issued by a competent court certifying that there is no ban on performing a profession, activity or duty imposed on the proposed person.

20.9 In addition, in the process of deciding whether the proposed person fulfills the criteria for a bank Board of directors' member, prescribed with the Banking Law, the National Bank may also ask for the following:

- references from at least two persons with experience in the area of banking and/or finance, of which one person shall not be a person with special rights and responsibilities in the bank in which the member of the Board of directors is to be appointed, nor is he/she a person related to the bank;
- for a foreign national, confirmation from the legal entities in which he/she has acquired the experience necessary for a bank Board of directors member and
- other documentation which the National Bank will ask for during the decision making process.

At least one of the members of the Board of directors of the bank shall be obligated to submit a confirmation from a competent authority that he/she possesses knowledge of the Macedonian language and its Cyrillic alphabet.

The National Bank, ex officio, from the Ministry of Interior of the Republic of Macedonia shall provide notification of convictions, or lack thereof of the person which has been proposed as a member of the Board of directors. If the person who has been proposed as a member of the Board of directors is a foreign national, he/she shall be obligated to provide such statements from the competent institutions in the foreign country.

21. The Governor may conduct an interview with the proposed bank Board of directors member, where an assessment will be made of the candidate's experience in the area of banking or finance, knowledge of the regulations in the area of banking and/or finance, his/her management and organizational skills and the acquired experience.

22. During the decision making, based on the submitted documentation stipulated in item 20 of this Decision and the conducted interview, an assessment shall be made whether the proposed Board of directors' member fulfils the criteria prescribed with the Banking Law, in order to ensure safe and sound management of the bank, at least with the following:

- Appropriate education and expertise to perform the function of a bank Board of directors member;
- Knowledge of the banking regulation and practice – knowledge of the Banking Law, the bylaws resulting thereof, the remaining banking and financial regulations and practice of significance for the operation of the bank, from the point of view of the activities performed by the bank in which the person is proposed to be a member of the Board of directors, as well as the characteristics and the trends in the banking sector in the Republic of Macedonia;
- Possession of an appropriate experience which shall be assessed by at least the following:
 - Successful six year working experience in the area of finance or banking,
 - Successful three year working experience as a person with special rights and responsibilities in a bank with activities corresponding to those in which the person is proposed as a candidate for membership in the Board of directors;
- Possession of an appropriate reputation. The proposed member of the Board of directors shall be considered to have an appropriate reputation if he/she is honest, competent, diligent and assure that his/her work will not endanger the bank's safety and soundness and that he/she will not disrupt the bank's reputation and trust. This means that there is no proof of his/her prior involvement in business operation or activities which meant noncompliance with the regulations and the business practices and procedures, disruption or jeopardizing the interests of the legal entity where this person worked or works or of its creditors, as well as endangering the interests of the bank or its depositors.

If the proposed member is a foreign person with experience as a member of a body of financial institutions, appropriate data to determine his/her experience and reputation may be required from the supervisory authority of the country of origin.

23. Based on the assessment performed in accordance with item 22 of this Decision, the Governor shall pass a decision for issuing an approval for a member of the Supervisory board or for rejecting the application, within the deadlines prescribed with the Banking Law.

24. The National Bank will issue its approval for the proposed bank Board of directors' member within a period of time shorter than that envisaged in the Law on Trade Companies, if this is in accordance with the statute of the bank or if the National Bank assesses that this is necessary.

VI. ISSUING AN APPROVAL FOR FOUNDING A SUBSIDIARY, BRANCH, BANK'S REPRESENTATIVE OFFICE ABROAD OR ACQUIRING EQUITY HOLDINGS IN A BANK

25. With the application for issuing an approval for founding a subsidiary or a branch of a bank abroad, the bank shall be obligated to submit the following documentation:

25.1 Work program which should contain at least the financial activities to be performed by the subsidiary or a branch of the bank abroad, as well as the organizational structure of the subsidiary or the branch.

25.2 The country in which the subsidiary or the branch will be established, as well as the name of the competent supervisory authority.

25.3 The head office of the subsidiary or the branch of the bank abroad from where the necessary data on the operation of the subsidiary or the branch of the bank, can be obtained.

25.4 A list of persons with special rights and responsibilities in the subsidiary or the branch of the bank abroad.

25.5 Decision of the competent body of the bank on founding the subsidiary or the branch of the bank abroad.

25.6 Business plan on the rationale for the founding the subsidiary or the branch of the bank abroad, which needs to elaborate the objectives, the level of the capital being invested (if there is such an investment), the expectations with respect to the level of the financial results and the financial indicators for the first three years of the operation of the subsidiary or the branch.

25.7 Data on the existing or the planned investments in other banks or financial institutions in the country or abroad.

25.8 List of shareholders with qualified holding in the subsidiary.

25.8 Other documentation that the National Bank may request during the decision making process stipulated in item 26 of this Decision.

26. When deciding on the basis of the submitted documentation, an assessment shall be made of the influence which the establishment of the subsidiary or the branch will have on the overall performance of the bank, from the point of view of its safe and sound operation, by assessing the fulfillment of at least the following criteria:

- The financial condition of the bank and its prior operation provide for the possibility to expand the operation abroad and to comply with the supervisory standards;
- The systems for internal control and reporting and accounting in the subsidiary or the branch are appropriate and enable identification, measurement, monitoring and control of the risks at the level of the bank or the banking group whose member the bank is or will be;
- The bank should be able to provide for all the necessary information and data about the preparation of its financial reports or the financial reports of the banking group and to establish a system for verification of the accuracy and authenticity of the obtained data and information from the subsidiary or the branch of the bank abroad;

- The regulations and the practices in the country where the subsidiary or the branch is being founded should indicate that the National Bank will be able to efficiently perform its supervisory function and that it will be able to cooperate with the competent supervisory authority in that country in line with the international principles and standards for cooperation and exchange of information for the purposes of conducting efficient supervision;
- The degree of harmonization of the regulations and the practices of the country where the subsidiary or the branch is being founded, with the international standards in the area of finance, financial reporting and accounting, prevention of money laundering and financing of terrorism etc., should not indicate that there could be a high risk which could jeopardize the stability, safety and reputation of the domestic bank, i.e. its operation in accordance with the regulations.

27. With the application for issuing of an approval for the establishment of a representative office of the bank abroad, the bank shall be obligated to submit the documentation stipulated in items 25.2, 25.3, 25.4, 25.5, as well as a Business plan on the rationale for the establishment of a representative office of the bank abroad, which will elaborate the goals and the expected results from the establishment of the representative office.

When deciding on the basis of the submitted documentation, the criteria stipulated in item 26 of this Decision shall apply respectively.

28. For the issuance of an approval for acquiring equity holdings in another bank, the application shall be accompanied with:

28.1 Decision of a competent body of the bank for acquiring equity holdings in another bank, together with an explanation of the goal and the justification of the acquisition and data on the name and the head office of the bank in which the capital part is acquired.

28.2 Data on the percentage share in the capital of the bank in which the capital part is acquired.

28.3 Statement from a competent body of the bank, in which the capital part is acquired, provided under full criminal and material accountability, that the bank does not have directly or indirectly more than 5% of the total number of shares of the bank acquiring a capital part.

28.4 Data on existing or planned investments in other banks or financial institutions in the country or abroad.

28.5 Other documentation that the National Bank may request during the decision making process stipulated in item 30 of this Decision.

29. In addition to the data stipulated in item 28 of this Decision, for the issuance of an approval for acquiring equity holdings in a foreign bank which represent acquisition of a participation in the foreign bank, the application shall be also accompanied by the following data:

- Name and head office of the foreign bank;
- Data on the identity of the other shareholders with a qualified holdings in the foreign bank;
- Country in which the foreign bank is located, as well as the name of the competent supervisory authority in that country;
- Audit report of the foreign bank for the last year, prepared by a reputable international audit company;

- Data on the amount of the bank's own funds and the capital adequacy ratio of the foreign bank;
- Data on the amount of the possible equity holdings of the foreign bank in other banks or financial institutions;
- Reports on the dominant financial activities performed by the foreign bank, its information system and the risk management and internal control systems, as well as the plans for harmonizing the systems of the foreign bank with those of the domestic bank which has applied for an approval (this report shall be prepared only by the bank which acquires control in a foreign bank).

30. When deciding, on the basis of the submitted documentation, an assessment shall be made of the influence of the acquiring equity holdings in another bank on the overall performance of the bank, from the point of view of its safe and sound operation, by assessing at least the following criteria:

- The financial standing of the bank should enable the realization of the planned investment in another bank, where the bank shall comply with the prescribed supervisory standards;
- The systems for internal control and reporting and accounting should enable the identification, measurement, monitoring and control of the risks on the level of the entire banking group whose member the bank is or will be;
- The bank should be able to provide all necessary information and data for the preparation of consolidated reports of the banking group and to establish a system for verification of the accuracy and the authenticity of the obtained data and information from the bank in which it acquires a capital part (in cases where there is a banking group or when based on the acquiring equity holdings in another bank, a banking group will be formed);
- The existence of any close links of the bank in which the capital part is being acquired, with other persons/entities does not hinder the performance of an efficient supervision;
- The regulations and the practices of the country where the capital part of a bank is acquired should indicate that the National Bank will be able to efficiently perform its supervisory function and that it will be able to cooperate with the competent supervisory authority in that country in line with the international principles and standards for cooperation and exchange of information for the purposes of an efficient supervision (in the event of acquiring a capital part in a foreign bank);
- The degree of harmonization of the regulations and the practices in the country where a capital part of a bank is acquired with the international standards in the area of finance, financial reporting and accounting, prevention of money laundering and financing of terrorism etc., should not indicate that there could be a high risk which could jeopardize the stability, safety and reputation of the domestic bank, i.e. its operation in accordance with the regulations (in the event of acquiring a capital part in a foreign bank).

When deciding with respect to issuing of an approval for acquiring a capital part in a foreign bank, the National Bank may contact the competent supervisory body of that bank, for the purposes of exchanging information and in order to determine a joint approach to consolidated supervision of the banking group, in accordance with the provisions stipulated in the Banking Law.

31. If based on the assessment stipulated in items 26, 27 and 30 of this Decision, it is assessed that the bank fulfills the prescribed criteria, the Governor shall pass a decision on issuing the approval for the establishment of a subsidiary, branch or a representative office of

the bank abroad or for the acquiring equity holdings in another bank. Otherwise the Governor shall pass a decision on rejecting the application.

The Governor shall pass the decision stipulated in paragraph 1 of this item within the deadlines prescribed with the Banking Law.

VII. ISSUING AN APPROVAL FOR ESTABLISHING OR ACQUIRING EQUITY HOLDINGS IN A NON-BANK FINANCIAL INSTITUTION WHICH EXCEED 10% OF THE BANK'S OWN FUNDS

32. For the issuance of an approval for the establishing or acquiring equity holdings in a non-bank financial institution or in a non-financial institution which exceed 10% of the bank's own funds (hereinafter: capital investment), the bank shall be obligated to submit the following documentation together with the application:

32.1 Decision of a competent body of the bank, together with an explanation of the reasons, the objective and the justification of the capital investment.

32.2 Draft act for founding of the institution (in the event when an institution is established).

32.3 Audit report or annual account of the institution to be invested in, for the last two years if the institution has been established and operates for more than two years.

32.4 Data on the percentage share in the capital of the institution to be invested in, as well as the on ownership structure of that institution.

32.5 Data on the supervisory and management bodies of the institution to be invested in.

32.6 Data on the amount of the possible equity holdings that the institution to be invested in, has in other institutions.

32.7 Statement from a competent body of the bank, given under full criminal and material accountability that the investment does not result in exceeding the prescribed supervisory standards.

32.8. Statement from a competent body of the bank, provided under full criminal and material accountability about the existence or nonexistence of connections with the other persons/entities who are shareholders/partners or persons with special rights and responsibilities in the institution to be invested in. If there are such connections, more detailed data shall be provided on the connected persons/entities and the manner in which the bank is related to these persons/entities.

32.9 Other documentation that the National Bank may require during the decision making process stipulated in item 34 of this Decision.

33. If the capital investment in a non-bank financial institution enables the bank to control that institution, in addition to the data stipulated in item 32 of this Decision, the bank shall be obligated, with the application for an approval, to submit also the following:

- Data on the core activity of the non-bank financial institution and on the future development plans;
- Existing or planned investments in other financial or non-financial institutions in the country or abroad;

- Data on the country in which the foreign institution to be invested in, is located (in the event of investments in a foreign non-bank financial institution);
- Data on the supervisory authority responsible for the operation of the non-bank financial institution;
- Data on the method of identification, measurement, monitoring and control of the transactions with the non-bank financial institution and the manner of establishment and maintenance of appropriate systems for risk management, internal control and reporting and accounting;
- Data on the manner of providing the necessary information and data to prepare consolidated reports of the banking group and the method of verifying the accuracy and the authenticity of the data obtained from the non-bank financial institution.

34. When deciding on the basis of the submitted documentation stipulated in items 32 and 33 of this Decision, an assessment shall be made of the influence of the capital investment in a non-bank financial or a non-financial institution on the overall performance of the bank, from the point of view of its safe and sound operation, by fulfillment of at least the following criteria:

- The financial standing of the bank should enable the realization of the planned investment, and the bank shall comply with the prescribed supervisory standards;
- The systems for internal control and reporting and accounting should enable the identification, measurement, monitoring and control of the risks on the level of the entire group whose member the bank is or will be;
- The ownership and management structure of the institution to be invested in should not have a negative influence on the operation of the bank;
- The existence of any close links of the institution to be invested in with other persons/entities should not hinder the performance of an efficient supervision;
- The bank should be able to provide all necessary information and data for the preparation of consolidated reports of the group and to establish a system for verification of the accuracy and the authenticity of the obtained data and information from the institution to be invested in;
- The bank should have an adequate system for risk management, internal control, reporting and accounting to identify, measure, monitor and control the transactions with the institution to be invested in;
- The regulations and the practices of the country where the bank makes a capital investment should indicate that the National Bank will be able to efficiently perform its supervisory function and that it will be able to cooperate with the competent supervisory authority in that country in line with the international principles and standards for cooperation and exchange of information for the purposes of an effective supervision (in the event of a capital investment in a foreign non-bank financial institution);
- The degree of harmonization of the regulations and the practices of the country where the investment is being made with the international standards in the area of finance, financial reporting and accounting, prevention of money laundering and financing of terrorism etc., should not indicate that there could be a high risk which could jeopardize the stability, safety and reputation of the domestic bank, i.e. its operation in accordance with the regulations (in the event of a capital investment in a foreign non-bank financial and non-financial institution).

When deciding with respect to the issuing of an approval for a capital investment in a foreign non-bank financial institution the National Bank may contact the competent supervisory authority of that foreign institution, for the purposes of exchanging information

and in order to determine a joint approach to consolidated supervision of the banking group, in accordance with the provisions stipulated in the Banking Law.

35. If based on the assessment stipulated in item 34 of this Decision, it is assessed that the prescribed criteria have been fulfilled, the Governor shall pass a decision on issuing the approval for the establishing or acquiring equity holdings in a non-bank financial institution or in a non-financial institution, which exceed 10% of the bank's own funds. Otherwise, the Governor shall pass a decision on rejecting the application.

The Governor shall pass the decision stipulated in paragraph 1 of this item within the deadlines prescribed in the Banking Law.

VIII. ISSUING AN APPROVAL FOR OPENING OF A REPRESENTATIVE OFFICE OF A FOREIGN BANK

36. With the application for issuing an approval for opening of a representative office of a foreign bank, the following shall be submitted:

36.1 Decision of the competent management body of the foreign bank to open a representative office in the Republic of Macedonia.

36.2 An excerpt from the register in which the head office of the foreign bank is registered, which shall show the legal form and the date of the entry, as well as data on the ownership structure of the foreign bank.

36.3 An audit report for the last year prepared by a reputable international audit company.

36.4 Business plan on the justification of the opening of a representative office in the Republic of Macedonia.

36.5 Data on the head office and the person managing the representative office.

37. After submitting the documentation stipulated in item 36 of this Decision, the applicant shall be obligated to announce the intention to open a representative office in a daily newspaper, for at least three consecutive days, and the advertisement should contain: name and head office of the representative office and the activities it will perform. Within five days from the day of publication, a proof for the published advertisement shall be submitted to the National Bank.

38. When analyzing the application for issuing an approval for opening a representative office of a foreign bank, special attention should be paid to the financial standing and the reputation of the foreign bank.

39. Upon the application for opening a representative office of a foreign bank, the Governor shall pass a decision on issuing the approval or for rejecting the application, within the deadlines prescribed in the Banking Law.

Within fifteen days after the entry in the register of representative offices of foreign entities in the Republic of Macedonia, a written proof on the performed entry shall be submitted to the National Bank. The National Bank shall be informed about the change of the head office and the closing of the representative office, within five days from the day when the change occurred.

IX. ISSUING AN APPROVAL FOR CHANGING THE NAME AND THE HEAD OFFICE OF A BANK

40. The application for issuing of an approval for changing the name and the head office shall be accompanied by a proposal decision of the Supervisory board of the bank and an explanation of the need and the objective of this change.

41. During the analysis of the application for a prior approval for the change of name and head office of the bank, attention shall be paid to ensure that the new name of the bank does not create a possibility for confusion with respect to the identity of some of the existing institutions, as well as a confusion with respect to the identity and the scope of activities of the bank which applies for change of the name.

The National Bank may examine the head office in order to see whether it meets the required level of technical equipment and whether it is appropriate to ensure normal execution of the financial activities.

42. With respect to the application for changing the name and the head office of a bank, the Governor shall pass a decision on issuing an approval or on rejecting the application, within the deadlines prescribed in the Banking Law.

The change of the name and the head office of the bank shall be published in a daily newspaper, for a period of at least three consecutive days. A proof of the published advertisement shall be submitted to the National Bank no later than within five days from the day of publication of the advertisement in a daily newspaper.

Simultaneously with the application for changing the name and the head office of a bank, an application for changing the statute of the bank, in the section pertaining to the name and the head office shall also be submitted to the National Bank along with the documentation envisaged in item 2 of this Decision.

X. ISSUING AN APPROVAL FOR ACQUISITION OF SHARES IN A BANK IN CUMULATIVE NOMINAL AMOUNT OF AND OVER 5%, 10%, 20%, 33%, 50% AND 75% OF THE TOTAL NUMBER OF SHARES, OR THE TOTAL NUMBER OF ISSUED VOTING SHARES

43. The person/entity that intends to acquire directly or indirectly, gradually or immediately, shares in a bank in total cumulative nominal amount of and over 5%, 10%, 20%, 33%, 50% and 75% of the total number of shares, or the total number of issued voting shares in the bank (hereinafter: acquisition of shares in a bank), shall be obligated to submit the following documentation with the application for issuance of an approval:

43.1 Data on the number of shares that the person/entity intends to acquire, the number of shares that the person/entity may already possess in that bank, as well as data on the percentage share in the initial capital of the bank before and after the acquisition of the shares.

43.2 The documentation envisaged in item 2.6 and item 9 (in the case of a foreign bank or a foreign entity with a participation in a foreign bank which intend to acquire control in the bank) of the Decision on issuing licenses to banks.

43.3 Filled in Questionnaire for acquisition of shares in a bank (Form 3 or 4).

43.4 Other documentation which the National Bank may request during the decision making process stipulated in item 45 of this Decision.

44. In addition to the documentation stipulated in item 43 of this Decision, the person/entity that intends to acquire shares in cumulative amount of at least 33% of the total number of shares or the total number of issued voting shares, shall be obligated to submit also the following:

- Strategic business plan which should contain the expected objectives, course of actions and perspectives of the bank, as well as possible proposals for expansion and promotion of the operation and the market presence;
- A statement given under full criminal and material accountability, signed by the entity or by a competent body of the entity (in the event of a legal entity) that it will continually support the bank's operation.

45. When deciding on the basis of the submitted documentation stipulated in items 43 and 44 of this Decision, an assessment shall be made whether the person/entity that intends to acquire shares in the bank fulfills the criteria prescribed with the Banking Law, which will ensure that the bank is organized and capable to work in accordance with the regulations and the prescribed supervisory standards, by assessing at least the following:

- Determination of the identity of the person/entity which intends to acquire shares in the bank, the persons/entities connected thereto and their legal form;
- Determination whether the financial standing of the person/entity that intends to acquire shares in a bank is appropriate with respect to the value of the share that it intends to acquire;
- Determination of the sources of funds, their origin and legality;
- The reputation of the person that intends to acquire shares in the bank. The person that intends to acquire shares in a bank shall be considered to have an appropriate reputation if he/she is honest, competent, and diligent and gives confidence that with his/her work will not jeopardize the stability and the safety of the bank and that he/she will not distort the bank's reputation and trust. This means that there is no proof for his/her prior involvement in business operation or activities which meant noncompliance with the regulations and the business practices and procedures, disruption or jeopardizing the interests of the legal entity where this person worked or works, as well as endangering the interests of the bank or its depositors. If this person is a foreign person with experience as a member of a body of financial institutions or their shareholder, appropriate data to determine his/her reputation may be requested from the competent supervisory authority of the country of origin;
- Assessment of the regulations and practices of the country of origin of the person/entity that intends to acquire shares in the bank, with respect to whether the National Bank can efficiently perform the supervisory function and whether it can cooperate with the competent supervisory authority of that country, in line with the international principles and standards for cooperation and exchange of information in order to perform efficient supervision (in the event of a foreign person/entity who intends to acquire shares in the bank);
- Determination that the degree of harmonization of the regulations and practices of the country of origin of the person/entity which intends to acquire shares in the bank with the international standards in the area of finance, financial reporting and accounting, prevention of money laundering and financing of terrorism etc., should not indicate that there could be a high risk which could jeopardize the stability, safety and reputation of the bank, i.e. its operation in accordance with the regulations (in the event of a foreign person/entity who intends to acquire shares in the bank).
- Determination whether there are any inconsistencies that cannot be explained in the application for an approval.

When deciding on the basis of the submitted documentation stipulated in item 44 of this Decision, an assessment shall be made of the possibility to support the planned growth of the bank's own funds.

46. With respect to the application for issuing an approval for acquisition of shares in a bank which the person/entity acquires on the basis of a decision of a competent authority in accordance with the law, the documentation that needs to be submitted by this person/entity and the procedure for assessment, the provisions stipulated in items 43, 44 and 45 of this Decision shall apply appropriately.

47. With respect to the application stipulated in items 43 and 46 of this Decision, the Governor shall pass a decision on issuing the approval or on rejecting the application, within the deadlines stipulated in the Banking Law.

XI. PRECISE DEFINITION OF THE FORM OF SUBMISSION OF THE DOCUMENTATION AND GUIDELINE ON THE ACTIVITIES NECESSARY FOR IMPLEMENTING THE DECISION

48. The applications for issuing the approvals stipulated in item 1 of this Decision shall be accompanied by data on the authorized contact person with the National Bank (name and surname, telephone number, fax number, e-mail address) and a proof of payment of the fee for processing of the applications.

49. The documentation submitted with the application for issuing of the approvals stipulated in item 1 of this Decision, should be in its original form or a copy notarized with an authorized person (public notary), signed by the authorized person or by the appropriate competent body, it should be clean, without additional corrections and in the Macedonian language. If the document that needs to be submitted is in a different language, a translation in Macedonian language, signed and stamped by an authorized translator shall be submitted together with the original.

50. All certificates, statements and questionnaires which are a part of the documentation which is submitted with the application for issuing the approvals stipulated in item 1 of this Decision have to be notarized with an authorized person (public notary) and should not be older than six months before the day of submission of the application for issuing a license.

If the legislation of the country of origin of the foreign person/entity which applies for an approval stipulated in item 1 of this Decision, regulates the material regarding the documentation attached to the application in a different manner, the foreign person/entity shall be obligated to submit an appropriate document or a legal opinion from a lawyer which can confirm the difference in the regulation.

51. The National Bank shall process an application for issuing an approval stipulated in item 1 of this Decision, only if it is accompanied by the full set of documentation. A full set of documentation shall be deemed the documentation prescribed with this Decision, the documentation additionally required by the Governor of the National Bank, as well as the relevant documents, data and information that should be obtained from competent domestic and foreign institutions in the country and abroad to decide upon the application.

While processing the application, the National Bank may also use the documentation it possesses about the relevant bank.

XII. TRANSITIONAL AND FINAL PROVISIONS

52. The banks which, until the day this Decision enters into force, have obtained from the National Bank an approval for performing the financial activities stipulated in Article 7, paragraph 1, items 5, 8, 9, 13, 14, 15, 16, 17, 18 and 23 of the Banking Law, shall be obligated, within the deadline stipulated in the Banking Law, to harmonize with the criteria prescribed in item 13 of this Decision and to submit an application for issuing of an approval to the National Bank.

The application for issuing the approval stipulated in paragraph 1 of this item, shall be accompanied by the documentation stipulated in items 5.2, 5.3, 5.4, 5.5 and 5.7 of the Decision, and depending on the financial activity for which the application is being submitted, the application shall also be accompanied by the documentation stipulated in items 9, 10, 11 and 12 of this Decision.

53. The existing shareholders of a bank, which have obtained an approval from the Governor of the National Bank for acquisition of 5% and more than 5% of the total number of voting shares, need to submit to the National Bank the following documentation stipulated in the Decision for issuance of licenses to banks:

- For legal entities, the data stipulated in item 2.6 a), indents 1, 4, 5, 7 and 8, and
- For natural persons, data stipulated in item 2.6 b), indents 1, 3 and 4.

The existing shareholders with qualified holding in a bank, which have not obtained an approval for the qualified holding, need to submit the full documentation stipulated in item 2.6 and item 3 of the Decision on issuing licenses to banks.

In addition to the documentation stipulated in paragraphs 1 and 2 of this item, for the purposes of deciding on the submitted application for an approval, the Governor may also ask for additional documentation, data and information.

54. The provisions of this Decision shall appropriately apply to the savings houses in the Republic of Macedonia.

55. This Decision shall enter into force on the eighth day of its publishing in the "Official Gazette of the Republic of Macedonia", except item 6 of this Decision which shall start to apply from the day of enactment of a special law which will regulate the issuance of electronic money.

56. On the day this Decision enters into force, the Decision on issuing approvals to banks and submitting notification on the change of the ownership structure of voting shares ("Official Gazette of the Republic of Macedonia" no. 85/2004) and the Decision on determining the criteria for issuing licenses for performing payment operations in the country ("Official Gazette of the Republic of Macedonia" no. 41/2001), except part III. Working criteria, items 12, 13, 14, 15 and 16, which shall cease to apply with the enactment of a new decision, shall become void.

D.No. 02-15/VII - 2/2007
July 18 2007
Skopje

Petar Goshev MSc.
Governor
and President
of the Council of the National Bank
of the Republic of Macedonia

Questionnaire for Supervisory board member

1. Personal data

1.1. Name and surname

1.2. Home address

1.3. Address in RM (in case of foreign person with residence in RM)

1.4. Date and place of birth

1.5. Citizenship

1.6. Number of the identity card or passport number (for foreign natural persons)

1.7. NINC (National Identification Number of the Citizen)

1.8. Telephone and e-mail address

2. Education

Educational institution	Degree	Period of education

3. Data on the qualifications, professional history and experience

Please list all of the jobs and/or positions which you have held until the moment of completing this Questionnaire, starting from the most recent job.

Period from/to (months/year)	Name, head office and core activity of the employer	Job/position

4. Have you ever been convicted with penalty of imprisonment for a crime you have committed, with a legally effective court decision? If yes, please provide all the details.
5. Have you ever been imposed a misdemeanor sanction, or a ban on performing a profession, activity or duty? If such a sanction or a ban had been imposed on you, please provide all the details.
6. Are you, or a person/entity connected to you, a shareholder, owner, co-owner or partner in another legal entity?

Yes _____

No _____

If the answer is yes, please complete the following two tables, where the first one is completed only for the proposed member and the second for the persons/entities connected to him/her.

Name and head office of the legal entity in which the proposed member holds capital and/or voting shares	Percentage of the capital and/or of the voting shares

Name and surname, i.e. title of the connected person/entity	Name and head office of the legal entity where the connected person/entity holds capital and/or voting shares	Percentage of the capital and/or the voting shares

Are you, or a person connected to you, a member of a supervisory or management body in the above-stated entities? If the answer is yes, please complete the following two tables, where the first one is completed only for the proposed member and the second one for the persons connected to him/her.

Name and head office of the legal entity	Supervisory or management body

Name and surname, or title of the connected person	Name and head office of the legal entity	Supervisory or management body

7. Are you a member of a supervisory or a management body or do you in any other way exert influence on the management and the policy making and the financial and business decisions of any other legal entity, except the legal entities stipulated in item 6 of this questionnaire? Please list any such legal entities, the management or supervisory body or the manner under which you exert influence.

Name and head office of the legal entity	Supervisory of management body	Other manner of exerting influence

8. Have you and/or the persons/entities connected to you had any material interest or business relationship with the bank in which you have been proposed as a member of the Supervisory board, in the last three years? If the answer is yes, please provide more details on the type and the amount of the material interest or the type of the business relationship.

9. Are you, or the person/entity connected to you, connected to a legal entity in which the bank in which you have been proposed as a member of the Supervisory board, has a participation? If the answer is yes please state the legal entity and the manner of connection.
10. If you are a representative of shareholder(s) of a bank, which shareholder(s) will you represent in the Supervisory board? What is the basis for your connection to the shareholder(s)?
11. If you have been proposed as an independent member of the supervisory board of the bank, how do you think you can achieve your independent role?
12. Are you a person connected to the other members of the Supervisory board or to the members of the Board of directors of the bank? If the answer is yes, please indicate the members to which you are connected and the manner of connection.
13. Has a bankruptcy or a liquidation procedure been initiated against the legal entities in which you held a position of a person with special rights and responsibilities?

Yes _____

No _____

If the answer is yes, please provide more details about your activities in that legal entity.

Is there a legally effective court decision rendered against you whereby you are held reliable for the opened bankruptcy or a liquidation procedure? If the answer is yes, please provide all the details related to the court verdict.

14. Has the competent supervisory authority ever undertaken any measures against a bank or other financial institution where you have exerted control or have been a member of a supervisory or a management body or have in any way influenced the management and the policy making and the financial and business decisions?

Yes _____

No _____

If the answer is yes, please list the measures and all details related to their implementation.

15. Has any competent authority responsible for supervision of banks and other financial institutions ever assessed your reputation when applying for an approval for becoming a member of a supervisory or a management body?

Yes _____

No _____

If the answer is yes, please provide all the details.

Competent supervisory authority	Type of approval/license applied for	Was the approval given and other details

16. Has the competent authority for supervision of banks and other financial institutions ever revoked your approval for a shareholder or for a participation in the capital of a bank or

another financial institution or an approval for a member of a supervisory or a management body? If the answer is yes, please provide all the details.

17. Questions related to the operation of the bank

Do you think that there are other facts or circumstances which could be important when assessing your knowledge of the regulations from the area of banking and/or finance as well as your experience in providing sound and safe operation of the bank?

Please provide a short description of where you see the bank after five years.

I, the undersigned _____ (name of the natural person)

a) Declare, under full moral, material and criminal accountability, that the information provided in this Questionnaire, as well as the complete documentation that I submit with the application for issuing an approval for a member of the Supervisory board of _____ (name of the bank), are accurate and do not contain forged data and documents.

b) I am aware of the criteria prescribed in the Banking Law which I have to fulfill in order to become a member of the Supervisory board of a bank.

c) Declare that I will ensure compliance with the supervisory standards and the measures undertaken by the National Bank, and thereby provide for sound and safe operation of the bank.

Place and date

Signature of the natural person

Form 2**Questionnaire for Board of directors' member****1. Personal data**

1.1. Name and surname

1.2. Home address

1.3. Address in RM (in the case of foreign person with residence in RM)

1.4. Date and place of birth

1.5. Citizenship

1.6. Number of the identity card or passport number (for foreign natural persons)

1.7. NINC (National Identification Number of the Citizen)

1.8. Telephone and e-mail address

2. Education

Educational institution	Degree	Period of education

2.1. Knowledge of the Macedonian language

Native speaker _____
 Excellent _____
 Good _____
 Poor _____

2.2. Knowledge of foreign languages

Foreign language	Excellent	Good	Poor

3. Data on the qualification, professional history and experience

3.1. Please list all of the jobs and/or positions which you have held until the moment of completing this Questionnaire, starting from the most recent job.

Period from/to (months/year)	Name, head office and core activity of the employer	Job/position

3.2. Please indicate all memberships in professional bodies or similar organizations

Professional body or similar organization	Date membership acquired

3.3. Please indicate all acquired trainings in the area of banking and/or finance

Name of training	Institution sponsoring the training	Period when the training was held

4. Have you ever been convicted with penalty of imprisonment for a crime you have committed, with a legally effective court decision? If yes, please provide all the details.
5. Have you ever been imposed a misdemeanor sanction, or a ban on performing a profession, activity or duty? If such a sanction or a ban had been imposed on you, please provide all the details.
6. Are you, or a person/entity connected to you, a shareholder, owner, co-owner or partner in another legal entity?

Yes _____

No _____

- 6.1. If the answer is yes, please complete the following two tables, where the first one is completed only for the proposed member and the second for the persons/entities connected to him/her.

Name and head office of the legal entity in which the proposed member holds capital and/or voting shares	Percentage of the capital and/or of the voting shares

Name and surname, i.e. title of the connected person/entity	Name and head office of the legal entity where the connected person/entity holds capital and/or voting shares	Percentage of the capital and/or of the voting shares

- 6.2. Are you, or a person connected to you, a member of a supervisory or management body in the above-stated entities? If the answer is yes, please complete the following two tables, where the first one is completed only for the proposed member and the second one for the persons connected to him/her.

Name and head office of the legal entity	Supervisory or management body

Name and surname, or title of the connected person	Name and head office of the legal entity	Supervisory or management body

7. Have you and/or the persons/entities connected to you had any material interest or business relationship with the bank in which you have been proposed as a member of the Board of directors in the last three years? If the answer is yes, please provide more details on the type and the amount of the material interest or the type of the business relationship.
8. Are you, or the person connected to you, connected to a legal entity in which the bank in which you have been proposed as a member of the Board of directors has participation? If the answer is yes please state the legal entity and the manner of connection.
9. Has a bankruptcy procedure or a liquidation procedure been initiated against the legal entities in which you held a position of a person with special rights and responsibilities?

Yes _____

No _____

- 9.1. If the answer is yes, please provide more details about your activities in that legal entity.
- 9.2. Is there a legally effective court decision rendered against you whereby you are held reliable for the opened bankruptcy or a liquidation procedure?
10. Has the competent supervisory authority ever undertaken any measures against a bank or other financial institution where you have exerted control or have been a member of a supervisory or a management body or have in any way influenced the management and the policy making and the financial and business decisions?
- Yes _____ No _____
- 10.1. If the answer is yes, please list the measures and all details related to their implementation.
11. Are you a person connected to the other members of the Board of directors or the Supervisory board of the bank? If the answer is yes please indicate how you are connected to them.

12. Has any competent authority responsible for supervision of banks and other financial institutions ever assessed your reputation when applying for an approval for becoming a member of a supervisory or a management body?

Yes _____

No _____

12.1. If the answer is yes, please provide all the details.

Competent supervisory authority	Type of approval/license applied for	Reasons for not issuing the approval (if the competent authority rejected the application for approval)

13. Has the competent authority for supervision of banks and other financial institutions ever revoked your approval for a shareholder or for a participation in the capital of a bank or another financial institution or an approval for a member of a supervisory or a management body? If the answer is yes, please provide all the details.

14. Have you ever been removed or have you ever been asked to resign from holding a certain position in another legal entity? If the answer is yes, please indicate all the details.

15. Questions related to the operation of the bank

15.1. Is there a subdivision of the areas of responsibility of the members of the Board of directors of the bank? If so, which area will you be responsible for?

15.2. In your opinion, what are the positive sides of the bank where you have been proposed to be a member of the Board of directors? How will you use these advantages to strengthen the stability and safety of the bank?

15.3. In your opinion, what are the weaknesses of the bank where you have been proposed to be a member of the Board of directors? How will you remove these weaknesses?

15.4. Do you think that there are other facts or circumstances which could be important when assessing your knowledge of the regulations from the area of banking and/or finance as well as your experience in providing for sound and safe operation of the bank?

15.5. Please provide a short description of where you see the bank after five years.

I, the undersigned _____ (name of the natural person)

a) Declare, under full moral, material and criminal accountability, that the information provided in this Questionnaire, as well as the complete documentation that I submit with the application for issuing of an approval for a member of the Board of directors of _____ (name of the bank), are accurate and do not contain forged data and documents.

b) I am aware of the criteria prescribed in the Banking Law which I have to fulfill in order to become a member of the Board of directors of a bank.

c) Declare that I will ensure compliance with the supervisory standards and the measures undertaken by the National Bank, and thereby provide for sound and safe operation of the bank.

Place and date

Signature of the natural person

Form 3

Questionnaire for the natural persons that intend to acquire shares in a bank

1. Personal data

1.1. Name and surname

1.2. Home address

1.3. Address in RM (in the case of foreign person with residence in RM)

1.4. Date and place of birth

1.5. Citizenship

1.6. Number of the identity card or passport number (for foreign natural persons)

1.7. NINC (National Identification Number of the Citizen)

1.8. Telephone and e-mail address

2. Education

Educational institution	Degree	Period of education

3. Please list all of the jobs and/or positions which you have held until the moment of completing this Questionnaire, starting from the most recent job.

Period from/to (months/year)	Name, head office and core activity of the employer	Job/position

4. Have you ever been convicted with penalty of imprisonment for a crime you have committed, with a legally effective court decision? If yes, please provide all the details.

5. Have you ever been imposed a misdemeanor sanction, or a ban on performing a profession, activity or duty? If such a sanction or a ban had been imposed on you, please provide all the details.

6. Has a bankruptcy procedure been initiated against your property? If the answer is yes please list in detail all the circumstances related to this procedure.

7. Are you, or a person/entity connected to you, a shareholder, owner, co-owner or partner in another legal entity?

Yes _____

No _____

- 7.1. If the answer is yes, please complete the following two tables, where the first one is completed only for the natural person and the second for the persons/entities connected to him/her.

Name and head office of the legal entity in which the natural person holds capital and/or voting shares	Percentage of the capital and/or of the voting shares

Name and surname i.e. title of the connected person/entity	Name and head office of the legal entity where the connected person/entity holds capital and/or voting shares	Percentage of the capital and/or the voting shares

- 7.2. Are you, or a person connected to you, a member of a supervisory or management body in the above-stated entities? If the answer is yes, please complete the following two tables, where the first one is completed only for the natural person and the second one for the persons connected to him/her.

Name and head office of the legal entity	Supervisory or management body

Name and surname, or title of the connected person	Name and head office of the legal entity	Supervisory or management body

8. Are you a member of a supervisory or a management body or do you in any other way exert influence on the management and the policy making and the financial and business decisions of any other legal entity, except for the legal entities stipulated in item 7 of this Questionnaire? Please list any such legal entities, the management or supervisory body or the manner in which you exert influence.

Name and head office of the legal entity	Supervisory or management body	Other influence

9. Was there any bankruptcy or liquidation procedure initiated against the legal entities in which you exerted control or were a member of a supervisory or a management body or in any way influenced the management and policy making and the financial and business decisions in the last five years?

Yes _____

No _____

9.1. If the answer is yes, please provide more details.

- 9.2. Is there a legally effective court verdict rendered against you whereby you are held reliable for an opened bankruptcy or a liquidation procedure? If the answer is yes, please provide all the details regarding the court verdict.

10. Has the competent supervisory authority undertaken any measures against a bank or other financial institution where you have exerted control or have been a member of a supervisory or a management body or have in any way influenced the management and the policy making and the financial and business decisions?

Yes _____

No _____

10.1. If the answer is yes, please list the measures and all the details related to their implementation.

11. Are you or the person/entity connected to you, connected to other persons/entities, in accordance with the Banking Law, considered as persons/entities connected to the bank? If the answer is yes please complete the following two tables, where the first one is completed only for the natural person and the second one by the person/entity connected to the natural person.

Name and surname, or title and head office of the person/entity connected to the bank	Manner of connection

Name and surname, or title and head office of the person/entity connected to the natural person	Name and surname, or title and the head office of the person/entity connected to the bank	Manner of connection between the persons/entities from columns 1 and 2

12. Are you or the person/entity connected to you, connected to the proposed members of the Supervisory board or the Board of directors of the bank? If the answer is yes please complete the following two tables, where the first one is completed only for the natural person and the second one for the persons/entities connected to the natural person.

Name and surname of the proposed member of Supervisory board or Board of directors	Management or supervisory body

Name and surname, or title and head office of the person/entity connected to the natural person	Name and surname of the proposed member of Supervisory board or Board of directors	Management or supervisory body

13. Has any competent authority responsible for supervision of banks and/or other financial institutions ever assessed your reputation and capability when applying for an approval for acquiring a participation in the capital or for becoming a member of a supervisory or a management body in those institutions?

Yes _____

No _____

13.1. If the answer is yes, please provide all the details.

Competent supervisory authority	Type of approval/license applied for	Reasons due to which the approval has not been obtained (if the competent authority has not issued the requested approval)

14. Has any competent authority for supervision of banks and/or other financial institutions ever revoked your approval for a shareholder or for a participation in the capital of a bank or another financial institution or approval for a member of a supervisory or a management body? If the answer is yes, please provide all the details.
15. Have you ever been removed or have you ever been asked to resign from holding a certain position in another legal entity? If the answer is yes, please provide all the details.
16. Do you think that there other facts or circumstances which could be important when assessing your capability to be a shareholder of the bank and provide stable and safe operation of the bank?
17. Please provide a short description of where you see the bank within five years. (The natural persons who intend to hold a participation in the bank which is being established are required to answer this question.)

I, the undersigned _____ (name of the natural person)

a) Declare, under full moral, material and criminal accountability, that the information provided in this Questionnaire, as well as the complete documentation that I submit with the

application for issuing of an approval for acquisition of shares in _____
(name of the bank), are accurate and do not contain forged data and documents.

b) I am aware of the criteria prescribed in the Banking Law which I have to fulfill in order to become a shareholder of a bank.

c) Declare that I will ensure compliance with the supervisory standards and the measures undertaken by the National Bank, and thereby provide for safe and sound operation of the bank.

Place and date

Signature of the natural person

Questionnaire for the legal entities that intend to acquire shares in a bank

1. Data on the legal entity
 - 1.1. Name of the legal entity
 - 1.2. Head office
 - 1.3. Tax number
 - 1.4. Identification number (or relevant number in accordance with the regulations in the foreign country – for a foreign legal entity)
 - 1.5. Telephone, e-mail address and web address (if the legal entity has one)
 - 1.6. Core activity, in accordance with the national classification of activities, or in accordance with the classification of activities applicable in the foreign country (for a foreign legal entity)
2. Please indicate the persons who are members of the management and supervisory bodies of the legal entity, with a short overview of their education and the work experience (this question is answered by the legal entities who intend to acquire qualified holding in the bank)

Name and surname	Supervisory or management body	Education	Work experience

3. Please indicate the persons/entities who own more than 10% of the shares, or the stakes in the legal entity, directly or indirectly (this question is answered by the legal entities that intend to acquire qualified holding in the bank).

Name and surname / title	Address / head office	Core activity	Share in the capital or in the voting rights in percents

4. Do the entities stipulated in item 3 of this Questionnaire have their representatives in the management or supervisory bodies of the legal entity? If the answer is yes, please indicate the legal entities and their representatives in the management or supervisory bodies of the legal entity which intends to establish a bank.

Name and head office	Name and surname of the representative	Supervisory or management body

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5. Please indicate the legal entities in which the legal entity owns, directly or indirectly more than 10% of the shares or the stakes (the question is answered by the legal entities that intend to acquire qualified holding in the bank).

Name and head office	Core activity	Share in the capital or the voting rights of the legal entity in percents	Assessed (market) value of the share *

* If the assessed (market) value of the share is not available, the book value of the share shall be considered.

5.1. Financial reports for the last three years shall be submitted for all of these entities.

6. Does the legal entity have its representatives in the management or supervisory bodies of the entities stipulated in item 5 of this Questionnaire (this question is answered by the legal entities that intend to acquire qualified holding in the bank)? If the answer is yes, please list the legal entities and the representatives of the legal entity which intends to establish a bank, in their management or supervisory bodies.

Name and head office	Name and surname of the representative of the legal entity	Supervisory or management body

7. Does the legal entity have its representatives in the management or supervisory bodies or in any other way influences the management and the policy making and the financial and business decisions of any other legal entity in the Republic of Macedonia or abroad? Please indicate the legal entities, the bodies and the persons that represent the legal entity.

Name and head office of the legal entity	Supervisory or management body	Name and surname of the representative of the legal entity	Other manner of exerting influence

8. Is the legal entity controlled by a person who has been convicted, with a legally effective court decision, to imprisonment for a committed crime? If it is, please provide all the details.

9. Has the legal entity ever been imposed a misdemeanor sanction, or a ban on performing a profession, activity or duty? If such a sanction or a ban has been imposed on the legal entity, please list all the details.

9.1. Has such a sanction or ban been imposed against a person that exerts control in the legal entity? If such a sanction or ban has been imposed, please list all the details.

10. Has a bankruptcy procedure been initiated against the property of the legal entity, or the person that exerts control in the legal entity? If the answer is yes, please list in detail all circumstances related to this procedure.

11. Is a person/entity connected to the legal entity, a shareholder or a member of the management or the supervisory body of another bank or financial institution? If the answer is yes, please provide details about:

Name and surname / title and head office of the connected person/entity	Name and head office of the bank / financial institution	Share in percents	Supervisory or management body	Other important data

12. Was there any bankruptcy or liquidation procedure initiated against the legal entities in which the legal entity exerted control or had its representative in the management or supervisory bodies or in any other way influenced the management and the policy making and the financial and business decisions? If the answer is yes, please provide more detail.

13. Has the competent supervisory authority undertaken any measures against a bank or other financial institution where the legal entity exerted control or had its representative in the supervisory or management bodies or in any other way influenced the management and the policy making and the financial and business decisions? If the answer is yes, please list all the measures and all the details related to their implementation or non-implementation?

13.1 Has the competent supervisory authority undertaken any measures against a bank or other financial institution controlled by the person that exerts control in the legal entity or in which this entity had its representative in the management or supervisory bodies or in any other way influenced the management and the policy making and the financial and business decisions? If the answer is yes, please list all the measures and all the details related to their implementation or non-implementation?

14. Is the legal entity, or the person that exerts control in the legal entity, connected to the other entities who, together with the legal entity intend to establish a bank? Please describe in which manner.

15. Has any competent authority responsible for supervision of banks and other financial institutions ever assessed the reputation and the capability of the legal entity or the person that exerts control in the legal entity, to acquire participation in the capital of the bank or the financial institution?

Yes _____

No _____

15.1. If the answer is yes, please provide all the details in separate tables for the legal entity and the person that exerts control in the legal entity

Name of the competent supervisory authority	Type of the requested approval/license	Reasons due to which the approval has not been
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		obtained (if the competent authority rejected the application for approval)

16. Has any competent authority for supervision of banks and other financial institutions ever revoked the approval previously given to the legal entity for becoming a shareholder or for holding a participation in the capital of the bank or another financial institution or an approval for becoming a member or have its representative in the supervisory or management body of the bank or the financial institution? If the answer is yes, please provide all the details.

16.1 Has any competent authority for supervision of banks and other financial institutions ever revoked the approval from the person exerting control in the legal entity for becoming a shareholder or for holding a participation in the capital of the bank or another financial institution or an approval for becoming a member or have his/her representative in the supervisory or management body of the bank or the financial institution? If the answer is yes, please provide all the details.

17. Do you think that there other facts or circumstances which could be important when assessing the capability of the legal entity to be a shareholder of the bank and provide stable and safe operation of the bank?

18. Please provide a short description of where you see the bank within five years. (The competent body of the legal entities that intend to acquire participation in the bank which is being established is required to answer this question).

I/We, the undersigned _____ (names and surnames of all the persons who are members of the supervisory or management body of the legal entity that intends to found a bank) as a member/members of _____ (the supervisory or management body of the legal entity that intends to found a bank) of _____ (name of the legal entity)

a) Declare, under full moral, material and criminal accountability, that the information provided in this Questionnaire, as well as the complete documentation submitted by the legal entity with the application for issuing of a licence for founding and operating a bank/application for issuing licence for status changes, are accurate and do not contain forged data and documents.

b) I/We am/are aware of the criteria prescribed in the Banking Law which _____ (name of legal entity) has to fulfill in order to become a shareholder with qualified holding in a bank.

c) Declare that the legal entity will ensure compliance with the supervisory standards and the measures undertaken by the National Bank and will submit all the data and information requested by the National Bank for the purposes of performing efficient supervision, and thereby provide for safe and sound operation of the bank.

Place and date

Signatures of all the members of the competent body
